



TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.

HEADQUARTERS: P.O. BOX 33695 DENVER, COLORADO 80233-0695 303-452-6111

May 8, 2018

Jasen Bronec
Chief Executive Officer
Delta-Montrose Electric Association
P.O. Box 910
Montrose, CO 81402

Dear Jasen,

This is in response to your correspondence of April 24, 2018 where you asked for certain information from Tri-State related to Kit Carson Electric Cooperative's withdrawal from Tri-State. Your request was made under Board Policy 406, and I am responding as the policy directs.

Article I, Section 3 of the Tri-State bylaws provides that no member shall be permitted to withdraw until it has met all of its contractual obligations to Tri-State. I have consistently told you and others who have asked about this, that information used to calculate the value to Tri-State of one Member System's wholesale electric service contract is not relevant to the value to Tri-State of any other Member Systems' contract. The value to Tri-State of each Member System's contract is different from that of any other Member System and is influenced by many factors, including the term of the contract, the date of withdrawal, current and projected market conditions, current and projected loads and Tri-State rates, among others.

Tri-State does not disclose one Member System's confidential information to another Member System, regardless of whether such information is subject to a confidentiality agreement. I know that Kit Carson has authorized Tri-State to release certain information (subject to certain conditions) to DMEA. However, we continue to consider the information you have requested to be confidential and we have informed Kit Carson that Tri-State does not agree to waive any of Kit Carson's obligations or any of Tri-State's rights under the parties' confidentiality agreement.

Further, the process of agreeing to a contract value necessarily involves an element of negotiation. The disclosure of such information regarding one Member System's withdrawal negotiation to any other Member System would disadvantage Tri-State's remaining members in any subsequent contract value negotiations.

Therefore, the information you have requested, in my opinion and in the opinion of Tri-State's General Counsel, is Restricted Information within the meaning of Tri-State Board Policy 406, subsections C (1)(e), (f) and (g).

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

A Touchstone Energy Cooperative



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505-972-5200

NUCLA STATION
P.O. BOX 698
NUCLA, CO 81424-0698
970-864-7316



Jasen Bronec
May 8, 2018
Page 2

For these reasons, I will not provide the information you have requested. However, I remain committed to attempting to resolve the withdrawal and contract valuation issue with DMEA.

Board Policy 316 provides a process for you to take this issue to the Board for their final determination. As you know, the policy is a two-step process that starts with an informal complaint to me, followed by a formal complaint to the Board. I think your request for this information, which I have denied, should be treated as an informal complaint. I see no reason to require you to jump through that hoop and get the same decision from me that I have made here. Therefore, Tri-State will waive the informal complaint process in this case and if DMEA wishes to file a formal complaint, it may do so under the formal complaint process in Board Policy 316.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Micheal S. McInnes".

Micheal S. McInnes
Chief Executive Office

MSM/dkb

cc: Kenneth V. Reif, Senior Vice President and General Counsel